

## Bank Products and Services Offered by BRD Groupe Société Générale Petrosani Branch - Hunedoara County

Răscolean Ilie  
Rakos Ileana-Sorina  
University of Petroșani  
[ilierascolean@yahoo.com](mailto:ilierascolean@yahoo.com)  
[nihilsinedeo\\_68@yahoo.com](mailto:nihilsinedeo_68@yahoo.com)

### Abstract

*Through this article, the authors attempt to demonstrate that banks, through their broad involvement in economic and social life, constitute a very important structural element in the life of society, whose permanent and efficient organization is conditional on the entire economic life of the country. Thus, the good organization and functioning of banks can not be left free, but must be managed under high efficiency and order in order to develop and promote banking services and activities. Banking products and services involve a multi-significance bank-client relationship. BRD SGS Petrosani ensures its success in the banking market through the products and services it offers to its clients, based on an efficient management, based on programming, creation of premises, challenge. The article ends with the authors' conclusions regarding the promotion of the products and services offered by this institution, considering that the most important banking product offered is the credit given to its clients.*

**Key words:** banks, bank loans, investments, banking products and services, banking operations  
**J.E.L. classification:** M41

### 1. Introduction

In an archaic, but pragmatic form, in the past, banks were known to be credit institutions that trade in money, attracting available resources, and placing them in the form of products and services, according to the requirements of the economy, at prices that cover costs and risks and ensure a profit. Essentially, this concept holds true today, with the difference that banking products and services have diversified a lot, new types have emerged, especially as a result of technological advances in computing and communications, which has led to profound transformations in the bank-client relationship, in the organization and management of the banking system.

Bank products and services involve a multi-significance bank-client relationship that has evolved differently over time. By the end of the 20th century, the bank was focused on ensuring the products and services demanded by the market and less the customer service, according to the „who needs me find me” principle. At this time, clients were moving to the bank for face-to-face operations, and banks were concerned to inspire trust, ensure honesty, have stately headquarters and well-qualified staff. The struggle for competition has led banks to move closer to the clientele, first by expanding the network of banking units, and after electronic payments in the period 1980-1990, through remote payments and the restriction of bank office operations until the emergence of self-bank, ie fully automated banks (without bank staff) with electronic products and services.

In this second period, the focus is on the customer who is attracted by products and services of the best quality, speed of execution and lower costs. The history of the last 30 years has shown that the evolution of customer requirements for banking products and services is extremely different and the tendency to remove bank customers was not the best.

BRD Petroșani Branch is part of one of the largest European financial services groups that carry out activities such as:

- Retail banking in France;
- International retail banking, financial services and insurance;
- Corporate & investment banking, private banking, asset management and investor services,

being the leader of the factoring market in Romania and also number 1 on the Romanian card market.

The conclusion drawn from specialist studies conducted by prestigious firms (IFS - Institute of Financial Services together with other partners, 2010) was that no channel of distribution should be neglected - the banking network, cards, the Internet, fixed telephony or mobile, and the offer of products and services has to address differently, on customer segments, according to its requirements and banking culture.

## **2. Theoretical background**

Banks are institutions with a high degree of specialization in monetary operations that possess a number of specific techniques and create an entire psychology and attitude in the relations between the capital holders and their beneficiaries. The development of production and exchange has resulted in the emergence of the coin. The currency has become the link between people and their economic life over thirty centuries.

Economist J.K. Galbraith affirmed that money - as a phenomenon of value in general - has three creators: the currency, the treasury and the banks. The emergence of some banking institutions has taken place after some historians since the ancient era. The first banks in the modern sense are found with great recognition in Venice (1171) and Genova (1407), Amsterdam (1609), Hamburg (1619), Rotterdam (1635), etc.

A number of foreign economists (e.g. Herman Schultz, Deletzsch, Albert Shaffle, Karl Knies, etc.) appreciate that the essence of banks is limited to simple intermediary bodies between capital and those who need additional capital. John Law, Mac Lood, Josef Alois Schumpeter and others believe that the main role of banks would be unlimited creators of money.

A more comprehensive definition was given by the Romanian specialist C. Kirişescu in 1982 as follows: "The Bank is a state or private entity whose main functions are: attracting the available funds temporarily available to clients in their open accounts; granting credits on different terms; making transfers between accounts opened with other banks; issuance of credit instruments; sale-purchase of foreign currency and other foreign exchange operations.

Victor Jinga, 1981, defined the banking system as „a set of different banks, organized around and under the leadership of the central bank, to coordinate discount and recession, credit, placement and bank deposit management.”

The Romanian banking system was organized in the late nineteenth and early twentieth centuries and included: The National Bank (1880); The Romanian General Bank (1895), with German capital; The Romanian Credit Bank (1904) with Austrian capital; The Marmorosh Bank et Co (1905), with the capital of a group of foreign banks; The Agricultural Bank (1894); The Discount Bank of României (1898); The Commercial Bank of Craiova (1911), etc.

They develop their attributes from the main intermediary of keeping and making internal payments to foreign currency transfers, in which sense they have opened accounts to other foreign banks. In this way, an organized banking system was set up which includes all types of banks: commercial banks, business banks, deposit banks, credit banks, industrial credit banks, etc.

## **3. Methodology of research**

The realization of this study implied the observance of certain principles and rules specific to the research methodology, such as the review of the specialized literature and the use of the sources of information.

The theoretical research analyzes and describes the current state of knowledge, the starting point being the theoretical documentation by going through the field literature, in the context of various national, European and international banking references. In fact, we conducted information and documentation on the basis of specialized literature, legislative acts, various analyzes and studies

on the banking field, collecting and processing the information necessary to define the context of the field approached. At the same time, we sought to identify the relational elements represented by the basic concepts.

As far as the research methodology is concerned, has gone from the category of *deductive research*, the definition of the term „banking products and services” has been changed to the category of inductive research by translating into practice the information obtained in the current situation in Romania. The research methods taken into account, highlight the data collection method, the analogous (comparative) method, the typological method, the deductive method, the inductive method, the qualitative method, the external (nonparticipative) observation and the internal (participative) observation.

#### **4. BRD Groupe Société Générale Petrosani Branch - products and banking services offer**

Banking companies carry out a variety of operations in the form of banking products and services. These are different from one bank to another, the success of a bank and its profits being determined by the types of banking products and services, the simplification of specific techniques and procedures, the operability and the promptness of services. Virtually, every banking company has to ensure its success in the banking market through the products and services it offers to its clients, based on an efficient management, based on programming, creation of premises, challenge.

It is considered that the main factors affecting the development of a banking company and the diversification of the products and services offered are: the capital and own funds used by the bank; branch network, branches and agencies respectively; government regulations; decisions of the bank's management.

The most important banking product of a company is the credit granted to its clients (legal or physical persons) for the satisfaction of financing needs, productive or consumer activities. The areas where banking companies specialize according to the products and services offered are: retail banking, corporate banking, private banking, universal banking, investment banking (investment banking activity).

Société Générale teams provide advice and services to both individual clients and companies and institutions on three main lines of activity:

- The French retail bank with the Société Générale network, Credit du Nord and the Boursorama offering a full range of multi-channel services in the top of digital innovation;
- International Retail Bank, Financial Services and Insurances in Economies emerging and having important positions in various specialized segments;
- Corporate and investment banking, private banking, asset management and asset management financial intermediation that provides top expertise and integrated solutions, being the first in the world.

##### **4.1. Retail banking products and services**

The products and services of banking companies within this specialization, specific to individuals, are: the creation of deposits in various forms; credit granting; card issuance; other products and services. In this category of other banking products and services are mentioned: payment services, investment services and transactions, trust services and other services (retention and security services, insurance, discounts, interventions in the construction and sale housing, foreign exchange and travel services, etc.).

Payment services offered by a banking company differ from other bank products (deposits, credits, etc.) in the sense that the payment of the services is offered by the bank to the client or without having to sign a contract.

For the purpose of effectively delivering the service, it is necessary for banks to have a system for making and clearing payments between banks. This system was called in the early years the “paper clearing house” and later the “automatic compensation house” (which is the electronic equivalent of the paper compensation house). There are three basic payment methods, and these include: cash payments; document-based payments (paper); electronic funds transfer.

The most important transactions and investment services are:

- Transactions of mutual funds;
- Government bonds and treasury bills;
- Trust Services;
- a) Other services such as: Safe keeping service; insurance; discounting; interventions in construction and sale of housing; currency exchange and travel services.

Most „retail” banks offer customers two types of travel services:

- the sale of currency (which is often limited to certain amounts per person and on travel, if required by the central bank). Such an activity brings an income to the bank, depending on the difference between the selling price and the purchase price of the currency;
- issuing travel checks (which are often bought long before, thus providing additional income to the banks that issued them).

b) Retail sale of consumer goods

Until recently, banks were not interested in selling the goods (except gold that was sold by many banks). Regarding the way of providing retail banking (ATM, telephone bank, home bank), there have been major advances in three sectors lately, being considered as new products offered by banks as technological advances in services retail banking, namely: payment machines; bank by telephone; home banking. This service is offered to customers with large amounts in their account or large volume of transactions. They are offered a system that allows them to connect their personal computer to the computer system of the bank and carry out transactions similar to those made by telephone (phone banking), but having the possibility to print their results.

#### **4.2. Banking products and services - Corporate banking**

The specialization of corporate banking banks concerns the products and services for the legal entities, namely: the establishment of deposits, granting credits; leasing; financing and intermediation of imports and exports; issuing letters of guarantee; business cards; transfer of funds; collecting debts accounts for salary payments; currency transactions; treasury management; selling different values; „office Banking”.

*Letter of guarantee* - may be issued in various forms, depending on the types of obligations it covers, namely: letters of guarantee of participation; warranty letters of good execution; warranty letters for prepayment; letters of payment guarantee; warranty letters for full payment in case of completion of construction works; letters of guarantee for customs; other warranty letters.

*Business cards* - services offered by the bank, commercial companies can be:

a) credit cards issued for use by company personnel

The superior management of some companies can use credit cards to cover the costs of running the company. In some cases, they are allowed to use these cards for their own expenses, up to certain limits, thus receiving a remuneration, which is also the result of benefits.

b) companies accept credit card payments

If a company plays the role of the trader in a credit card cycle, then the bank offers this type of company the following services: it procures the necessary equipment to make sales through credit cards; seeks to receive documents, commissions, fees, expenses; regularly regulates accounts.

*Funds transfer* - funds transfer activities are much more common in corporate banking than in retail banking because of the high volume of transactions and amounts involved. Under Corporate Banking, funds are transferred by: (a) by issuing bank checks and (b) by payment orders by telephone, telex or SWIFT or by (c) credit letters.

*Collection of debts* - is a service similar to granting a credit by accepting as collateral amounts to be cashed. The collection of these debts can take two forms:

(a) expected trades, for example, when the income calculation is based on an interest rate that is usually higher than that of the credit. When discounting some of these trade effects, the bank accepts the risk of not being able to recover its face value at maturity;

b) factoring (for any type of factoring, internally or internationally, with or without appeal, confidential or non-confidential, etc.). Bank operations involving the collection of debts are rather complicated and risky, and a lot of attention is needed throughout the process from the state of play of the agreement, to receiving the trade effects to the final cash collection phase and regulating accounts.

*Payroll accounts* - is an auxiliary service to deposit accounts. In any bank, some accounts can be used to process the payment companies' payroll. The benefit to the bank is the commission received from the company (usually a fixed amount per employee) plus the benefit that all employees will open a deposit account.

The bank's procedures to pay salaries through such a corporate account and the opening of employee deposit accounts are not complicated and there are facilities provided by ATMs at the disposal of employees.

*Foreign currency transactions* - the services offered by the bank, extend to many different types of transactions and must take into account a multitude of factors, such as the regulations established by the central bank, etc. Foreign exchange transactions are becoming more common due to the internationalization of economies and deregulations in the transfer of funds from one country to another.

*Treasury management* is becoming increasingly used as management of a company's treasury involves extensive knowledge and specialized information.

*Selling different values* - such as government bonds, postage stamps for social assistance, etc. The commission for the bank for this mediation role is usually substantial and this activity attracts customers to use other bank services as well.

#### **4.3. Banking products and services - Private Banking activity**

*Private banking is the set of services provided by the trust services management departments, in particular to three large customer categories, such as:* large pension and foundation funds; mid-market customers that include various companies (sometimes included in the private banking departments of other banks); clients with many properties and much money.

These fund investment services are called private banking.

The main products and services offered by a banking company within the private banking specialty are:

- customer management, activity consisting of: opening of accounts, agreements and commissions, tax payment services, property management, financial statements;
- investment management in the form of: financial consulting, investment decisions, performance evaluation;
- cash management, activity involving: cash receipts and payments, cash surplus investing, prevention of cash deficits.

#### **4.4. Banking products and Investment Banking services (Investment Banking activity)**

An investment is the acquisition of an asset that is supposed to bring a profit in the future. The decision of those who have cash or other forms of ownership to invest requires: (a) knowledge of alternatives to invest, and (b) developing the skills needed to evaluate these investment alternatives. The main services offered to the clients by the investment banks are:

a) negotiated underwriting. In such cases, the issuer and the investment bank discuss the terms of the transaction and fix a price. An agreement is reached before the offer of titles.

b) Competitive bidding. In the case of auctions, the organization establishes term issues except for the price and announces which offers will be accepted until a certain date set by the organization. The investment bank that takes over the securities or the syndicate offering the best price wins the issue that it can resell with a profit.

c) stand-by underwriting. Specifically in the stand-by underwriting activity, it is that the shares are first offered to the shareholders of the company so that they have the opportunity to own a certain percentage of the company. The investment bank is trying to sell the shares that have been acquired by the shareholders.

### **5. Conclusions**

Banking operations are determined by the bank's customer relationship activities and are assets or liabilities under the balance sheet position. Most transactions generate patrimonial relationships that cause changes in amounts in customers' accounts and are known as balance sheet items (assets

and liabilities). Other operations reflect only client or bank liabilities, patrimonial potential, which are not recorded in the balance sheet accounts and are called extra-balance sheet operations (commission, mandate, guarantees, early obligations, expired non-performing loans, litigation amounts in court).

BRD Petroșani Branch is a specialized bank in the field of management, being able to offer a full range of high quality products and services to meet the needs of its clients, individuals, companies, and companies. Special purpose accounts (letters of credit, check books, payment orders, etc.) are opened by the bank at the written request of the clients who have opened the accounts with BRD, with an express indication of the functions they will perform the account at the request of public institutions or in cases provided for by law.

Loan repayment and interest collection repayments due from bank customers can also be done on the initiative of the bank in the cases and on agreed terms between clients and the bank through contracts and other documents concluded. In the event of non-repayment of the loans granted by the borrower, the credit and settlement-accounting departments on the day following maturity under the credit agreement repay the respective loan from the cash account by crediting the current credit account and debiting the availability account.

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